

Meeting minutes

HS2 Ltd Board

Meeting date Wednesday, 26 February 2020

Meeting location Room 6.1, Two Snowhill

Meeting time 09:30-15:55

Members	Attendees	Apologies
Allan Cook (Chairman) Non-Executive Director	David Bennett (items 04, 11, 12, 13) Delivery Director	Mel Ewell Non-Executive Director
Michael Bradley Chief Financial Officer	[REDACTED] Phase One Project Controls Director	
Judith Hackitt Non-Executive Director	Nicole Geoghegan General Counsel	
Stephen Hughes Non-Executive Director	Neil Hayward (item 10) HR Director	
Roger Mountford Non-Executive Director	[REDACTED] Programme Director (change programme)	
Ed Smith (part) Non-Executive Director	[REDACTED] Civils Client Director	
Mark Thurston Chief Executive Officer	[REDACTED] DfT Observer	
	[REDACTED] Programme Management Office Director	
	[REDACTED] National Audit Office	
	Non Owen (minutes) Company Secretary	
	[REDACTED] Procurement & Commercial Director	
	[REDACTED] Commercial Management Director	
	[REDACTED] National Audit Office	
	Aileen Thompson (items 01- 04) Strategic Director of Stakeholder Engagement	

1 Welcome, Declarations of Interest and Values Moment

- 1.1 There were no additional declarations of interest to record on the register.
- 1.2 The Board received a values moment from Ed Smith regarding leadership and the demonstration of this at the point in the life of HS2. The Chairman added to this, noting the importance of the Board meeting and decisions to be taken in the agenda. The Chairman expressed thanks to the Executive and business during this time.
- 1.3 The Board noted apologies from Mel Ewell who was unable to attend due to a prior diary commitment. Comments on the meeting content had been provided in advance of the meeting to the Chairman.

2 Minutes of the previous meeting and matters arising (HS2B_19-128, HS2B_19-147 and HS2B_19-129)

- 2.1 The Board agreed the minutes of the meeting on 29 January 2020 as a true record.
- 2.2 The Board agreed the minutes of the meeting on 17 February 2020 as a true record.
- 2.3 The Board noted the status of the actions. The following key points were raised and noted:
 - 2.3.1 The Board agreed that action 19/094 would remain open for consideration during the course of the meeting.
 - 2.3.2 **The Board discussed the briefing sessions which take place prior to the Board meetings and whether there was a record kept of the content/ topics considered. As briefings and educational opportunities, there is no production of formal minutes. It was agreed that the Company Secretary will liaise with the Chairman to agree an appropriate method to capture the content of these briefings.**

Action: Non Owen

3 Chair Report (HS2B_19-146)

- 3.1 The Chairman gave the Board an overview of his engagement activities over the month.
- 3.2 Ahead of the meeting, a summary note had been circulated by the Chairman to Board Members covering:
 - 3.2.1 The recent site visit to HS1 Ltd;
 - 3.2.2 Board Appointments;
 - 3.2.3 Confirmation of the Minister for HS2 Ltd; and
 - 3.2.4 Communications between the Chairman and Secretary of State (SoS) for Transport. A letter will be issued from the SoS to the Chairman detailing the expectations and priorities in the coming year.

- 3.3 The Department for Transport (DfT) Observer provided an overview of activities and engagement between the Department and HS2 Ltd including:
- 3.3.1 Near finalisation of the Full Business Case (FBC), a DfT owned product, for which HS2 Ltd has provided a number of deliverables to inform this;
 - 3.3.2 Following the “green light” given from the Prime Minister revival of the Phase 2a Hybrid Bill is anticipated imminently;
 - 3.3.3 Publication of the Integrated Rail Plan Terms of Reference;
 - 3.3.4 Confirmation of the remit for the intended Ministerial COBRA meeting is yet to be agreed. The Board discussed information from the business which might be used to inform these meetings and how best to provide this to the Committee;
 - 3.3.5 The Board agreed that they are keen to help shape the remit of the COBRA meetings where possible and to share the right level of information.
- 3.4 The Board discussed the Oakervee Review, published on 11 February 2020. The Department for Transport (DfT) are liaising with HS2 Ltd to inform a Command Paper which will be submitted in response.
- 3.5 HS2 Ltd and the DfT will attend a Public Accounts Committee (PAC) on 04 March 2020 in response to the National Audit Office progress update.
- 3.6 The Board noted the updates.

4 CEO Report (HS2B_19-132 and HS2B_19-133)

- 4.1 The Board noted the Management Information and report from the CEO.
- 4.2 The following key points were raised and noted:
- 4.2.1 An all staff conference call has been hosted following the Prime Minister “green signal” announcement;
 - 4.2.2 Weekly delivery readiness calls continue to be held with Management in preparation of Notice to Proceed;
 - 4.2.3 Subject to the agreement of the Board on the HS2 Ltd Improvement Programme, a letter will be provided to the Permanent Secretary of the DfT from the Chairman covering areas which need to be discharged to satisfy organisational capability;
 - 4.2.4 The Board noted the approach and timeline for the Business Plan 2020/2021 and the Corporate Plan 2020-2023 as agreed with the DfT;
 - 4.2.5 The Board discussed environmental and sustainability reporting and whether this might be a separate report in a suite of public facing documents. Non-Executive Directors will be engaged on the production of documentation as this develops;
 - 4.2.6 Management confirmed that public reporting will include a section on potential risks and challenges identified in the organisation;

4.2.7 The Board noted the statistics and progress [REDACTED];

4.2.8 All staff refreshers will be run across the business starting on 03 March 2020. A copy of the content will be shared with Non-Executive Directors;

Action: Aileen Thompson

4.2.9 The Board considered the request for delegation of authority to commence the prequalification processes for Rail Systems procurement to the Infrastructure Director;

4.2.10 A briefing had been provided to the Chair of the Commercial and Investment Committee Chair prior to the Board meeting, who noted that there are [REDACTED]

4.2.11 Whilst the principle to delegate the prequalification processes was supported by the Committee Chair, the following recommendations for Board consideration/ visibility were made:

4.2.11.1. Visibility of market feedback;

4.2.11.2. That the approach is on the assumption that the Invitation to Tender (ITT) process does not become too far advanced so that the Board would not be able to shape/ impact this;

4.2.11.3. Key aspects will be kept under review and report periodically to the Commercial and Investment Panel, Commercial and Investment Committee and the HS2 Ltd Board;

4.2.11.4. These key aspects are: [REDACTED]
[REDACTED] and

4.2.11.5. A review of the [REDACTED] will be considered fully and referred back with the ITT approvals.

4.2.12 Subject to the above points made at 4.2.11.1 to 4.2.11.5 the Board approved delegation to commence the prequalification processes for Rail Systems procurement to the Infrastructure Director.

4.3 The Board discussed the emerging position at the National College for Advanced Transport and Infrastructure noting that there is funding in place from the Department for Education until the end of June 2020.

4.4 The Board noted the updates.

4.5 The Board received an update from Strategic Director of Stakeholder Engagement.

4.5.1 Following the "green signal" HS2 Ltd has been able to recommence communication and stakeholder engagement activities;

4.5.2 The Board were concerned to note an increased level of disruptive and unacceptable behaviours targeted at HS2 Ltd public engagement staff, and along the line of route, following confirmation of the programme;

4.5.3 Management are conducting a review of these disruptions with the Infrastructure Director as the Executive lead. There will be review of approaches taken by comparable projects to inform this. There will be escalation and involvement of the HS2 Ltd Board as this matures.

Action: Chris Rayner

4.6 The Board noted the updates.

4.7 The Board received a verbal update from the Chief Financial Officer. The following key points were raised and noted:

4.7.1

[REDACTED]

4.7.2 It is common for spend in March to be improved due to the longer calendar month compared to February. This would be a consistent position as compared to the spend in 2018/2019 fiscal year;

4.7.3

[REDACTED]

Reporting of this position is dependent on the necessary approvals of the Phase 1 Baseline 7.1 and Main Works Civils Contracts; and

4.7.4 Management confirmed that a focus will be provided on Earned Value tracked to the agreed Baseline following the required approvals.

Action: Michael Bradley

4.8 The Board noted the updates.

4.9 The Board received an update from the Delivery Director. The following key points were raised and noted:

4.9.1 The HS2 Ltd Safe at Heart Conference will be held on 05 March 2020;

4.9.2 Reengagement with Natural England has commenced;

4.9.3 The Delivery Director will lead to establish a workshop with the Department for Transport (DfT) on Old Oak Common Stage 4 access; and

Action: David Bennett

4.9.4 Management Information will be reviewed subject to required approvals from the HS2 Ltd Board and DfT to allow for consistent and transparent reporting of outturn. The Board were reminded that the Baseline 7.0 approval had been given for the purposes of monitoring and as a base for change control.

4.10 The Board noted the updates.

5 Report from the Commercial and Investment Committee 13 February 2020 (HS2B_19-135)

- 5.1 The Board received and noted the report from the Chair of the Commercial and Investment Committee held on 13 February 2020.
- 5.2 The Committee had considered four items during the meeting:
 - 5.2.1 The Terms of Reference for the Committee. The Committee adopted the revised Terms of Reference following approved updates made by the HS2 Ltd Board in September 2019 and January 2020;
 - 5.2.2 Phase 1 Route Wide Utilities Portfolio Update. A summary of the Committee recommendation had been included with agenda item 06 and a verbal update given by the Committee Chair.
 - 5.2.3 Section 3 Euston Station Early Works. A summary of the Committee recommendation had been included with agenda item 07 and a verbal update given by the Committee Chair.
 - 5.2.4 Section 4: Stations Construction Partner Old Oak Common Critical Early Works Package. A summary of the Committee recommendation had been included with agenda item 08 and a verbal update given by the Committee Chair.
- 5.3 The Board commended the report from the Committee Chair as concise and useful.

6 Phase 1 Route Wide Utilities Portfolio (HS2B_19-136)

- 6.1 The Board received and noted the paper which had been considered by the Commercial and Investment Committee (the Committee) requesting approval for:
 - 6.1.1 [REDACTED] prior to formal approval and load in HS2 systems of Baseline 7.
- 6.2 The Committee Chair provided the following key points:
 - 6.2.1 [REDACTED]
 - 6.2.2 The request for contingency is to allocate budget. Each individual contract will require approval of the Commercial and Investment Panel;
 - 6.2.3 The Committee considered that the review conducted at the meeting was sufficient for the Board to approve without further discussion;
 - 6.2.4 No wider questions or objections to the recommended approval were raised by the Board Members.
- 6.3 The Board approved the requests in the paper.

7 Section 3 Euston Station Early Works (HS2B_19-137)

- 7.1 The Board received and noted the paper which had been considered by the Commercial and Investment Committee (the Committee) requesting approval for:
- 7.1.1 [REDACTED]
- 7.1.2 It was noted that the request will be funded from the Baseline 7.1 estimate budget and transferred to the S3 Construction Partner Control Account;
- 7.1.3 Approval will need to be sought from Department for Transport (DfT) and HM Treasury (HMT) for these early works and in agreement with the DfT and Sponsor, the paper will be submitted to the DfT Investment Portfolio Delivery Committee (IPDC) on 09 March 2020;
- 7.1.4 Further, approval was sought from HS2 Ltd Board to delegate authority to the Euston Area Client Director to Approve any reallocation of the Station Design Services Contract (SDSC) budget to support this appraisal.
- 7.2 The Committee Chair summarised the key points of challenge in the meeting including:
- 7.2.1 [REDACTED]
- 7.2.2 The range of possible outcomes of the Government's consideration of the Oakervee Review's recommendations in relation to Euston; and
- 7.2.3 The Board's requirements for financial reporting of costs incurred and cost to complete, taking account of potential changes in governance of the project.
- 7.3 The Committee considered that the review conducted at the meeting was sufficient for the Board to approve without further discussion.
- 7.4 Management confirmed that should there be any change to scope of works at Euston following Governments consideration of the Oakervee review, work would be paused and reassessed.
- 7.5 No wider questions or objections to the recommended approval were raised by the Board Members.
- 7.6 The Board approved the requests in the paper.

8 Section 4 Stations Construction Partner Old Oak Common Critical Early Works Package (HS2B_19-138)

- 8.1 The Board received and noted the paper which had been considered by the Commercial and Investment Committee (the Committee) requesting approval for:

8.1.1

[REDACTED]
[REDACTED] and

8.1.2

[REDACTED]
[REDACTED]
[REDACTED]

8.1.3

It was noted that separate approvals will still be required at Construction Consolidation Notice in line with the DfT and HM Treasury conditions placed on HS2 Ltd at SCP Award.

- 8.2 The Committee considered that its review was sufficient and that the Board can make the recommendation requested.
- 8.3 The Committee Chair requested that the Board noted that the incentivisation mechanism to be agreed at Consolidation is complex and as such Management are to factor this in during contract management.
- 8.4 The Board noted the implications should Consolidation not be achieved by June.
- 8.5 No wider questions or objections to the recommended approval were raised by the Board Members.
- 8.6 The Board approved the requests in the paper.

9 National Audit Office Update – A Progress Update (HS2B_19-134)

- 9.1 Clive Maxwell excused himself from the meeting in order to take a phone call, which was a prior diary commitment.
- 9.2 The Board welcomed [REDACTED] and [REDACTED] to the meeting.
- 9.3 The Board noted the previously circulated National Audit Office report: “A Progress Report”.
- 9.4 The Board received two presentational slides to inform the discussion covering learning points and observations for the HS2 Ltd Board.
- 9.5 The National Audit Office provides regular interval update reports. These have been provided in 2013, 2016 and 2020:
- 9.6 The Board discussed learning points from the report including:
 - 9.6.1 Recognition of known unknowns, unknown unknowns (also known as Black Swans) and events which can have varying levels of uncertainty;
 - 9.6.2 It is important to have compound risk awareness;
 - 9.6.3 The National Audit Office referred to a previously published survival code document. It was agreed that this will be shared with the Board;**

Action: Non Owen

- 9.6.4 It is key for clarity of information provided for organisations and the purpose of these for internal or external use. This includes the level of understanding against probability of delivering on projects;
- 9.6.5 There is a necessity of balance for Board Members to establish a listening culture and to be involved at “ground level”, as well as being strategic;
- 9.6.6 The Board commented on the comparison of the 2016 report content to that in the current 2020 report. It is vital that the Board takes action to recognise recommendations and learnings from both the National Audit Office and following the Public Accounts Committee, which will be held on the 04 March 2020, and provides visibility of how these are actioned;
- 9.6.7 It was noted the optimum solution involves engagement and alignment between HS2 Ltd, the DfT and Government;
- 9.6.8 The Board commented on the developed, positive engagement and relationship between HS2 Ltd and the National Audit Office;
- 9.6.9 It is key for the HS2 Ltd Board to have visibility and challenge of documentation and plans to realise savings and efficiencies identified by the business. This includes sight of or assurance on the ways to document plans and learn lessons that apply to the programme, retrospectively and for future phases;
- 9.6.10 There needs to be understanding of a worst-case scenario of cost schedule and risk;
- 9.6.11 The Board should be familiar with what success factors need to be true for effective incentivisation and what mitigations can be implemented should something change in the environment to impact this;
- 9.6.12 A major programme requires adequate flexibility and review on mechanisms such as incentives at regular points in the programme as required;
- 9.6.13 The Board discussed the structure of the Joint Ventures which have been set up for joint and several liability in the event of potential difficulties with any of the parties in the Joint Ventures;
- 9.6.14 The strength of Management Information, clarity of common measurement of progress and what is being tracked to demonstrate performance is a vital requirement;
- 9.6.15 The Board noted that Management Information reflecting [REDACTED] [REDACTED] will be adopted into reporting at the May 2020 Board meeting;
- 9.6.16 The Board discussed use of ranges and their application. The National Audit Office recommended the need to understand the narrative for agreeing and tracking ranges against cost or schedule;
- 9.6.17 There will be more regular bottom up estimates reported to the Board and periodic reviews/ deep dives into areas such as Estimate At Completion (EAC);
- 9.6.18 The Board should take opportunities to pause and reflect with a stand back scenario-based view of progress; and

- 9.6.19 There should be clarity on what is being done to follow through on any recommendations made resulting from assurance.
- 9.7 The Board discussed the mechanism to take recommendations and implement findings from the National Audit Office report. It was noted that there will be an output and formal record from the Public Accounts Committee.
- 9.8 It is key that the Board take an active role in driving recommendations and demonstrate how these have been implemented.
- 9.9 **It was agreed that a workshop will be set up with the Department for Transport. It was suggested that a Group Audit and Risk Assurance Committee session would be utilised as the first opportunity to implement this.**

Action: Ed Smith/ Non Owen

- 9.10 The Board thanked the National Audit Office for their time and input into the report and insights during the Board discussion. It was agreed that further opportunities for engagement and progression of recommendations will be taken forward between the National Audit Office and the Board as appropriate.

10 HS2 Improvement Programme Enterprise Capability (HS2B_19-139)

- 10.1 Clive Maxwell re-joined the meeting.
- 10.2 The HS2 Ltd Board received and noted materials supporting a request for approval of the completion of the HS2 Improvement Programme, confirming that the organisation demonstrates the required level of capability (Level 3 'Implemented') across its enterprise functions for Notice to Proceed (NtP).
- 10.3 The Board were also asked to approve the plan for Enterprise Capability beyond NtP, including the proposed plan to achieve Level 4.
- 10.4 The following key points were raised and noted:
- 10.4.1 The Board were reminded of the context for this requirement to provide the Department for Transport and the Major Projects Review Group (MPRG) with confirmation that the company has the required capability for NtP as per the Development Agreement and Secretary of State notice issued in February 2018;
 - 10.4.2 The MPRG will review this at a meeting on 06 March 2020;
 - 10.4.3 The Board were encouraged to see the achievement of Level 3 capabilities;
 - 10.4.4 The Board noted the progress in closing the conditions precedent and discussed the detail of minor actions relating to the remaining five conditions precedent;
 - 10.4.5 The Board noted a final update will be provided to the March 2020 Board meeting;

10.4.6 **The Board commended the process and the level of effort for the Programme. It was requested that a plan for continued reviews of the portfolio can be scheduled to ensure that this becomes embedded in the culture;**

Action: Neil Hayward

10.4.7 **The Board requested that the discussion from the National Audit Office earlier in the meeting and recommendations from the Major Projects Authority Project Assessment Review be reviewed for how to track and respond on actions/ recommendations;**

Action: [REDACTED] / Neil Hayward

10.4.8 **The Board noted the approach to enhancing capability to achieve Level 4 capability. It was agreed that dates of the Readiness Committee will be shared with Non-Executive Directors for periodic attendance;**

Action: [REDACTED]

10.4.9 **Consideration will be given to assigning a Non-Executive Director as the Board Champion/ overseer for capability; and**

Action: Mark Thurston/ Allan Cook/ Non Owen

10.4.10 The Board discussed their level of challenge applied to the capability assessment programme, including imposing more challenging criteria for achievement of Level 3 capability and requesting a quicker deliverable of Project Controls and Project Management Level 3 capability.

10.5 The HS2 Ltd Board:

10.5.1 Approved the completion of the HS2 Improvement Programme, confirming that it is satisfied that the organisation can demonstrate the required capability maturity across its enterprise functions for Notice to Proceed;

10.5.2 Noted that all 24 Capability Areas have achieved the minimum target of capability for NtP (Level 3 'Implemented');

10.5.3 Noted that the Governmental Internal Audit Agency LoD2 Assurance has provided a rating of 'reasonable' assurance for the outcomes of the HS2 Improvement Programme and closure of the Conditions Precedent;

10.5.4 Approved plans for the ongoing ownership and accountability for Enterprise Capability in 2020 and beyond; and

10.5.5 Approved the plans to assess Capability Areas with Level 4 maturity targets

11 Main Works Civils Contract Integrated Project Team Readiness (HS2B_19-140)

11.1 The Board received and noted materials providing an update on a component of evidence to provide the HS2 Ltd Board with confidence in HS2 Ltd ability to award contracts and proceed to Notice to Proceed (NtP).

11.2 The following key points were raised and noted:

- 11.2.1 The Board were reminded of the summary level of the process to test Integrated Project Team (IPT) readiness, based on 15 design principles as presented to the December 2019 Board meeting;
- 11.2.2 It was noted that the IPTs have been assessed at Initial Operating Capability as at 28 February 2020;
- 11.2.3 The Board noted the areas of concern being continually reviewed with action plans to address;
- 11.2.4 The Board noted that the assessment of readiness is part of continuous process and improvements journey;
- 11.2.5 A briefing session has been held with the Infrastructure and Projects Authority;
- 11.2.6 The Board noted the Management responses and actions to close out the [REDACTED]
- 11.2.7 The Board noted the governance and structures for the IPTs, the commencement of shadow operation of leadership teams, partnering Boards and oversight Boards. The structure has been set up to allow for flexibility and accountability of self-correction within the IPTs; and
- 11.2.8 It was noted that the Audit and Risk Assurance Committee will meet on 16 March 2020 where it may be appropriate for the Committee to act as a Challenge Panel for requirements for IPTs to reach Full Operational Capability.

11.3 The HS2 Ltd Board:

- 11.3.1 Noted that IPTs will meet an Initial Operating Capability (IOC) on 28 February 2020 and that an independent Peer Review Panel has assured their ability to achieve this;
- 11.3.2 Noted that move from Area to Asset will take place in line with [REDACTED] and [REDACTED]
- 11.3.3 Noted the Management assessment of Confidence in the MWCC JVs/IPTs and the assessment that the IPTs are competent, capable and ready to proceed.

12 Main Works Civils Contract Gateway 6 submission and Contract close out (HS2B_19-141)

12.1 The Board received and noted materials supporting a request for approval to enter into revised Contracts with the Main Works Civils Contract Joint Ventures (MWCC JVs).

12.2 The request is based on the materials and outcomes of:

- 12.2.1 HS2 Improvement Programme;
- 12.2.2 Integrated Project Team Readiness;
- 12.2.3 The final Gateway 6 position; and

12.2.4 The Contract close out position, supported by the revised Commercial Model which was approved by the Board in November 2019, [REDACTED]
[REDACTED]

12.3 [REDACTED]
[REDACTED]
[REDACTED]

12.4 [REDACTED]
[REDACTED]
[REDACTED]

12.5 The Board discussed the various termination mechanisms available in contracts should there be any period of non-conformance.

12.6 The Board commended the level of input and work from the General Counsel and Procurement and Commercial Director to this point, on the Commercial Model and Contracts with each of the Joint Ventures.

12.7 Final close out for the contracts will be reported back to the March Board meeting.

12.8 The Board queried Managements level of challenge to each of the line items within the contracts. Management confirmed there had been a number of HS2 led challenges including the [REDACTED]
[REDACTED]

12.9 The Board noted contractual mechanisms targeted to reduce costs as well as the ability for HS2 Ltd to descope from Contractors should a more cost-effective solution be identified elsewhere.

12.10 The Board thanked Management for the amount of work and effort expended to deliver Contract Close out and Gateway 6 (and previous Gateways) and commended the knowledgeability of Management in attendance at the meeting to respond to queries raised.

12.11 The HS2 Ltd Board:

12.11.1 Approved entering into contracts on the agreed Incentive Budget (Point estimate and including JV held Project Risk) and Schedule for each JV;

12.11.2 Approved the issue of Notice to Proceed, closing Stage One and notifying the Contractors to move to Stage Two (subject to Department for Transport approval);

12.11.3 Approved the changes that have occurred [REDACTED] (September 2019) required to be included in the contract, as captured in BL7.1;

12.11.4 Noted the changes to the Contracts since the January 2019 Board meeting;

12.11.5 Noted that evidence has been provided by Eiffage Kier regarding the addition of two Joint Venture Partners;

12.11.6 Noted the progressive LoD1 assurance of the MWCC Contract suite;

- 12.11.7 Noted the recommendation that further work is taken forward to look at the potential creation of a Framework Contract; and
- 12.11.8 Noted that the above position has been reviewed and is supported for approval by the Executive Committee.

13 Phase 1 Baseline 7.1 (HS2B_19-144)

- 13.1 The Board received and noted revised materials regarding Baseline 7.1 further to the out of cycle meeting of the Board to consider progress on 17 February 2020.
- 13.2 The Board received a presentation. The following key points were raised and noted:
 - 13.2.1 The Board discussed the criticality assessment stages applied to schedule, noting that had there been opportunity to model a Quantitative Schedule Risk Assessment (QSRA), then this would impact the earliest target and latest date range as it would factor in the component line items with float;
 - 13.2.2 Contractors are incentivised to conclude works as early as possible which drives programme opportunities;
 - 13.2.3 [REDACTED]
 - 13.2.4 The Board discussed their role in receiving appropriate and transparent information to keep the cost and schedule position under scrutiny and challenge;
 - 13.2.5 The Board requested a clear narrative from Management as to the reasonableness of the target cost and a plan for how this will be achieved. It was suggested that some scenarios might be useful to illustrate this;**

Action: [REDACTED]
 - 13.2.6 The Board noted the Baseline 7.1 position is based on the current scope and Sponsors Requirements. Should there be any variance to these or any relevant exogenous factor, the Baseline will be required to be reviewed;
 - 13.2.7 The Board noted that work to test and drive improvements to cost and schedule will continue; and
 - 13.2.8 Copies of the BL7.1 Addendum document will be made available to the Board at the March meeting.
- 13.3 The Board thanked Management for the amount of work and effort expended to deliver Baseline 7.1 and commended the knowledgeability of Management in attendance at the meeting to respond to queries raised.
- 13.4 The HS2 Ltd Board approved Baseline 7.1 and supported onward transmittal to the DfT Investment Portfolio Delivery Committee (IPDC).

14 Operational Cost Baseline (HS2B_19-142)

- 14.1 The Board received and noted the paper seeking approval of the Operational Cost Baseline (OCB) for onward submission to the DfT for adoption into the Development Agreement.
- 14.2 The Board noted the OCB as an input to the DfT Full Business Case.
- 14.3 Board Members who had been available to attend had received a full briefing and presentation on the purpose and mechanics of the OCB the day prior to the Board meeting which had been positively received.
- 14.4 The Board noted the suite of documents produced to enable a predominantly bottom-up resource-based estimate as opposed to previous top-down benchmarked estimates.
- 14.5 The Board noted that the production of the Operational Cost Baseline (OCB) supports delivery of benefits, can inform operational end state entity planning, control capex/ opex trade-offs and provides variance forecasting against the business case.
- 14.6 The Board were enthused to see that the OCB links to sustainability and whole life cost.
- 14.7 The Board approved the Operational Cost Baseline and recommended this for onward submission to the Department for Transport.

15 Priorities for March 2020 Board (HS2B_19-143)

- 15.1 The Board noted the forward look of topics to be considered by the Board. Content for the March 2020 Board will be considered and agreed with the Chairman.
- 15.2 An invitation has been extended to the HS2 Minister and Permanent Secretary of the Department for Transport to the next Board dinner.
- 15.3 **Updates and approvals for financial year end requirements will be added to the forward look.**

Action: Non Owen

16 Any Other Business and Close

- 16.1 The Chief Executive Officer acknowledged and thanked the support and engagement of the HS2 Ltd Board to enable decisions made during the day, allowing the organisation to continue momentum and concluding on months and years of activity to get to this point.
- 16.2 There were no additional items of business raised.
- 16.3 The Chairman, Non-Executive Directors and the Board Observer had a closed meeting to discuss the day's business.